

Message Text

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ACTION EB-07

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CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02
PA-02 PRS-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00
XMB-04 OPIC-06 LAB-04 SIL-01 ITC-01 /100 W
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SHOJERUTW URUGUAYAN SHOE INDUSTRY ASSOCIATION TO MAKE REPRESENTATION
IN WASHINGTON

REF: (A) MONTEVIDEO 089, (B) MONTEVIDEO 127

1. THE LAWYER FOR THE URUGUAYAN SHOE MANUFACTURERS ASSOCIATION, ANTONIO MARCHESANO, AND A REPRESENTATIVE OF THE FOREIGN TRADE SECTION OF THE FOREIGN MINISTRY VISITED THE EMBASSY JANUARY 14. THEY EXPLAINED THE SERIOUS EFFECT ON THE LOCAL ECONOMY THAT WOULD BE CREATED BY IMPOSITION OF A 40 PERCENT TARIFF ON THE GREATER PART OF SHOE EXPORTS TO THE U.S. IN THE CASE OF LOCAL PRODUCTION, WHICH IS BASED ON VOLUME AND LOW COST, THE WEIGHT WOULD BE PARTICULARLY SEVERE. SOME 6000 JOBS ARE DIRECTLY INVOLVED. EMBASSY COUNSELED NOT JUMPING TOO QUICKLY TO THE CONCLUSION THAT URUGUAY HAS BEEN EXCLUDED FROM THE MARKET BEFORE THE INTERNATIONAL TRADE COMMISSION HAS EXAMINED THE POSITION OF NEW ENTRANTS IN THE MARKET WITHIN THE RESTRAINT PROGRAM. NEVERTHELESS, URUGUAYAN ASSOCIATION REPRESENTATIVES PLAN TO MAKE TRIP TO WASHINGTON ON WEDNESDAY, JANUARY 19 TO PRESENT ITS CASE FOR NON-DISCRIMINATORY TREATMENT TO APPROPRIATE AGENCIES, AND SOUGHT EMBASSY ADVICE ON CONTACTS. IN ABSENCE OF OTHER INSTRUCTIONS, EMBASSY SUGGESTED CONTACT WITH THE URUGUAYAN COUNTRY OFFICER AND, ON HIS ADVICE, APPROPRIATE

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STOPS AT ARA/ECP AND EB OFFICES CONCERNED, OR OTHER AGENCIES AS APPROPRIATE.

2. IN HANDLING THESE REPRESENTATIVES, THE DESK OFFICER AND OTHERS SHOULD HAVE CLEARLY IN MIND THE INTENSITY OF INTEREST ON THIS ISSUE IN URUGUAY AND THE DEGREE TO WHICH THE ULTIMATE OUTCOME WILL BE VIEWED AS REFLECTING THE TRUE ATTITUDE OF THE NEW ADMINISTRA-

TION WITH REGARD TO REDUCTION OF TRADE RESTRAINTS AND OPENING OF U.S. MARKET. IT IS PARTICULARLY IMPORTANT TO URUGUAY WHICH VIEWS THE DEVELOPING SHOE INDUSTRY AS AN EFFORT REFLECTING THE KIND OF ADVICE IT HAS BEEN RECEIVING FROM THE U.S. AND FROM INTERNATIONAL BODIES IN FAVOR OF STRENGTHENING THE ECONOMY THROUGH THE DIVERSIFICATION OF EXPORTS. THE RELATIVE RESTRAINT WITH WHICH THE TARIFF COMMISSION RECOMMENDATION HAS BEEN COMMENTED UPON SO FAR SHOULD NOT BE INTERPRETED AS LACK OF INTEREST BUT RATHER AS DELIBERATE POLICY BASED IN PART AT LEAST ON THE HOPE THAT THE URUGUAYAN CASE WILL BE HEARD AND THAT CORRECTIVE ACTION CAN BE TAKEN TO PREVENT DISASTER FROM STRIKING THIS NEW INDUSTRY. IN THE LONG RUN, AND SHOULD THE COMMISSION'S RECOMMENDATION BE ADOPTED WITHOUT MAJOR MODIFICATION WHICH WOULD FAVOR URUGUAY, IT WOULD BE VIRTUALLY IMPOSSIBLE TO CONVINCE URUGUAYANS OF THE FAIRNESS OF THE SELECTION OF A BASE YEAR WHICH ENSURES THAT THE MAJOR EXPORTER INTO THE U.S. MARKET, ITALY, RECEIVES A QUOTA VIRTUALLY EQUIVALENT TO ITS 1976 EXPORTS, WHEREAS NEWCOMER URUGUAY, WHOSE BEST PERFORMANCE WAS IN THIS LAST YEAR, RECEIVES EITHER NO QUOTA AT ALL OR ONE DRASTICALLY UNDER ITS 1976 EXPORT PERFORMANCE.

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Decaption Note:
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Disposition Case Number: n/a
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Disposition Event:
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